

24 November 2014

### Angola

- AOA: Oil price pressure escalating

### Botswana

- BWP: Pula sustains positive momentum against the greenback

### CMA

- ZAR: Expect sideways moves in what will likely prove a volatile week

### Ghana

- GHS: Some slight strengthening on sentiment

### Kenya

- KES: Shilling hitting 90.00, but central bank in market for support

### Mozambique

- MZN: Metical trending upwards

### Nigeria

- NGN: CBN under pressure as USD/NGN breaks 176.00

### Tanzania

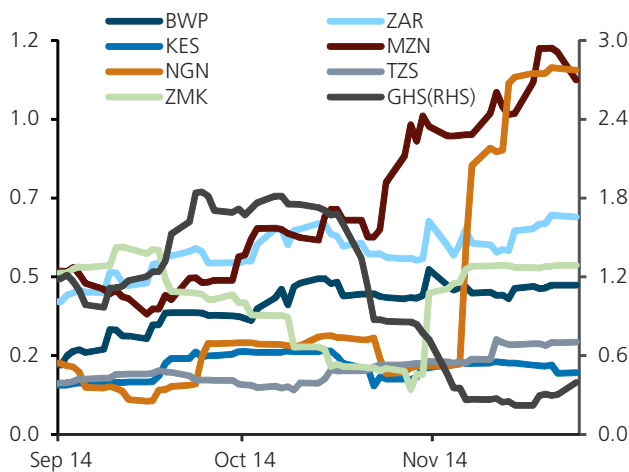
- TZS: More upward pressure is expected this week

### Zambia

- ZMW: Kwacha continues to strengthen on back of strong demand for the unit

### Currency fluctuations

1-month realised volatility



Source: Bloomberg  
Data as at November 2014

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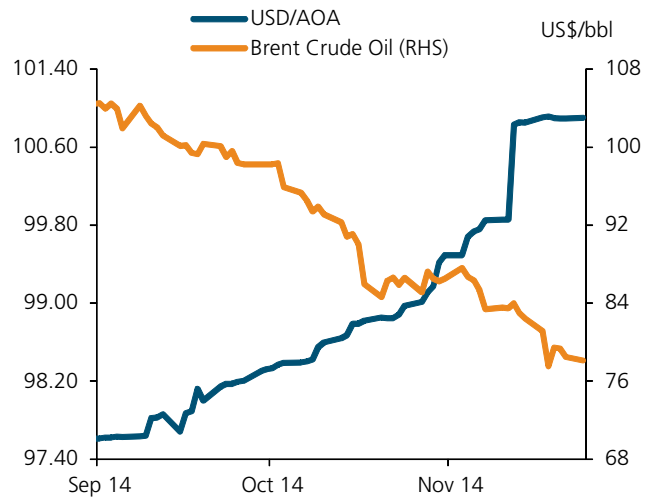


# Angola

## Kwanza (AOA) in brief

- The kwanza weakness continued last week, trading at USD/AOA100.82, stemming from continued oil price weakness. The unit is vulnerable to jump risk (i.e. large once-off moves) as the oil price continues to tumble, eroding Angola's export earnings. The kwanza is likely to end the year weaker than our forecast. Given Angola's lack of diversification, fiscal revenues are at risk of being substantially lower than the state's projections, necessitating a weaker currency.

Figure 1: Kwanza entrenched at 100.82 as oil slides



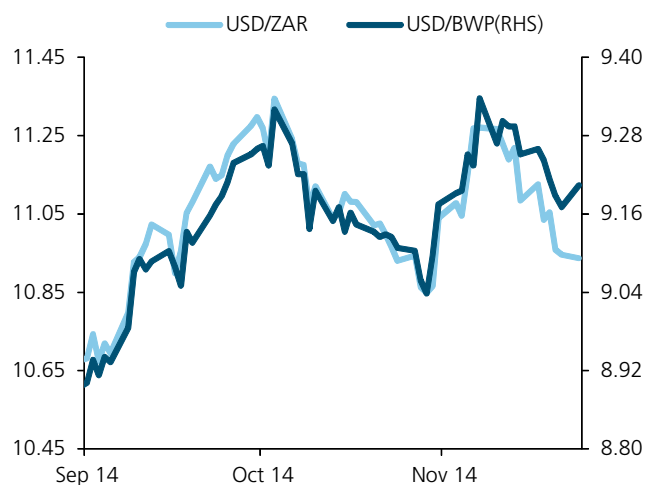
Source: Bloomberg  
Data as at November 2014

# Botswana

## Pula (BWP) in brief

- The pula continued its rally against the greenback on Friday, in line with other high-yielding emerging market currencies, especially the rand. The rand added to the previous day's gains against the dollar after China surprised the market with a rate cut that led to increased appetite for riskier high-yielding assets. As a result, the pula closed the day stronger at 0.1089/92 from 0.1087/90 in the morning. The pula traded weaker against the rand, crashing below the 1.1900 mark and closed the day at 1.1890/1.1921 from 1.1934/64 in the morning

Figure 2: Pula sustains positive momentum against the greenback



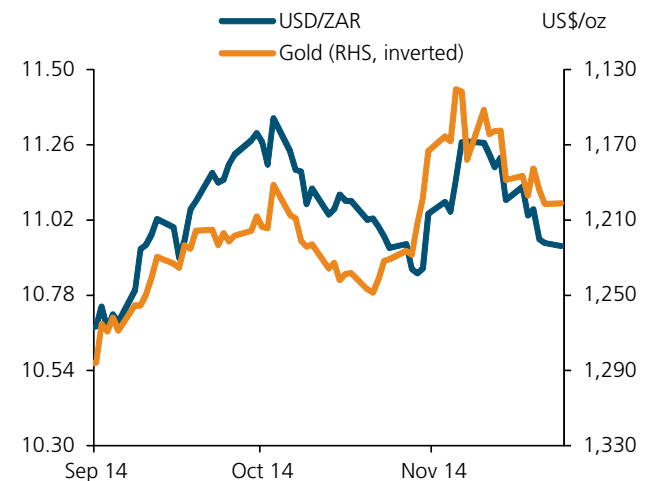
Source: Bloomberg  
Data as at November 2014

# CMA

## Rand (ZAR) in brief

- The rand continues to do very well and even shows signs of entering a strengthening trend. After some dramatic movements on Friday, USD/ZAR opens at 10.94. Friday's 10.91 level offers support, after which the key multi-year trend line at 10.85 comes into play. EUR/ZAR has pushed to a 2014 low at 13.54, a tick away from our 13.50 year-end forecast. Expect sideways moves today in what will likely prove a volatile week.

Figure 3: Rand showing signs of entering a strengthening trend



Source: Bloomberg  
Data as at November 2014

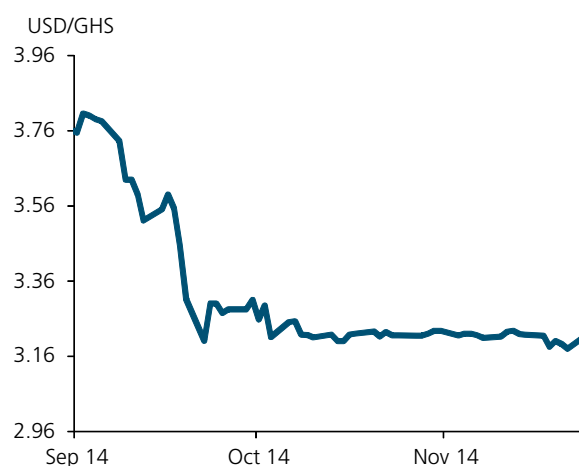


## Ghana

### Cedi (GHS) in brief

- We saw a negligible strengthening in the cedi last week due to the positive budget announcement. However, the currency still lacks the fundamentals to keep it at these levels, especially if an appropriate IMF agreement is not settled. Our year-end view for USD/GHS is 3.25 and we have slowed the rate of depreciation in subsequent years due to expected fiscal consolidation, but this is largely dependent on the outcome of the government's negotiations with the IMF and whether it spurs renewed interest in cedi-denominated debt. A government official mentioned that Ghana was set to get a provisional deal with the IMF last week. We are still awaiting the news.

Figure 4: Cedi movements guided by official rhetoric



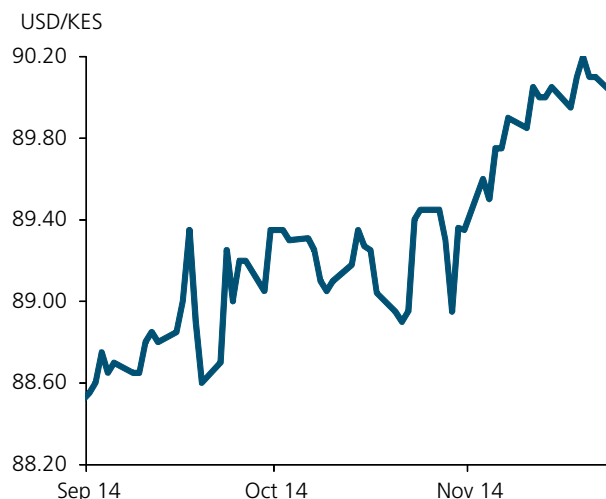
Source: Bloomberg  
Data as at November 2014

## Kenya

### Shilling (KES) in brief

- The shilling capped at the 90.30 level against the dollar last week, with the central bank bringing it back to 90.00 towards the end of the week. Rampant import demand — especially from the manufacturing, banking, telecoms and energy sectors — has caused this weakening, but the central bank has said it has enough reserves to buffer the foreign exchange market against shocks. We expect a quiet week on the international and local data front, meaning a quiet week for the shilling.

Figure 5: Shilling held down by CBK support



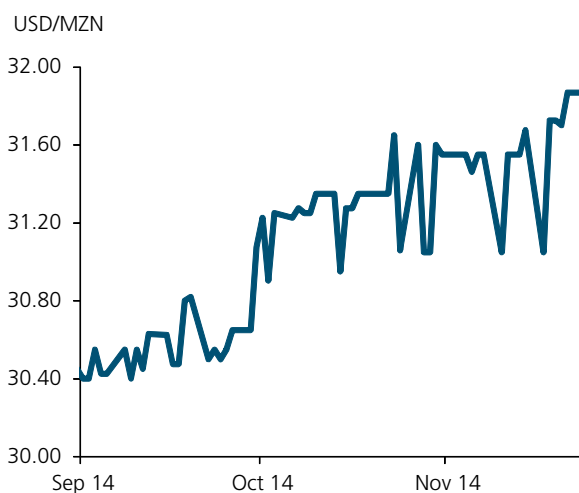
Source: Bloomberg  
Data as at November 2014

## Mozambique

### Metical (MZN) in brief

- Erratic trading continued last week, with the metical trending higher. Intraday volatility peaked at 31.70 on the back of stronger import demand, while NGO flows will only come through in 1Q15. The approaching festive season will also see an increase in demand and more weakness could be expected, especially as the rand is experiencing a slight recovery.

Figure 6: Metical bobbing about as year-end approaches



Source: Bloomberg  
Data as at November 2014

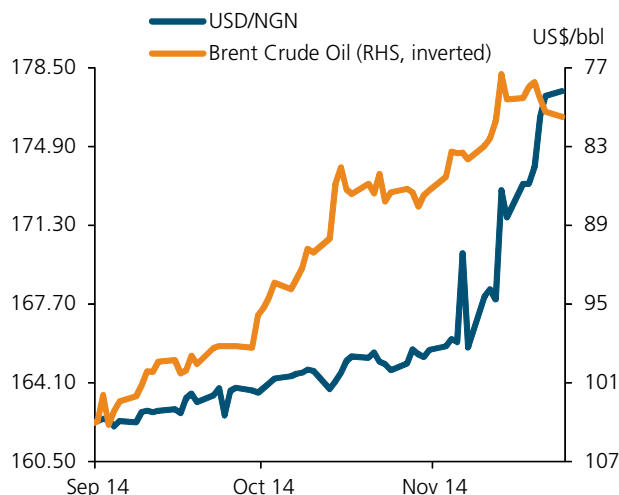


## Nigeria

### Naira (NGN) in brief

- Having closed at its weakest level on record, the naira is vulnerable to further upside pressure ahead of the two-day MPC meeting which begins today. Most of the CBN measures over the last two weeks have failed to quell US dollar demand, compelling it to tighten monetary conditions to counter the effects of weaker oil prices and waning portfolio inflows. The CBN withdrew a cap on margins that lenders could make when selling dollars to customers and appealed to an array of commercial banks to bid for US\$3m each, providing temporary respite to the ailing currency. However, its ability to smooth currency fluctuations is limited. We believe that trade will remain volatile as investors seek to shorten duration.

Figure 7: Unprecedented naira weakness



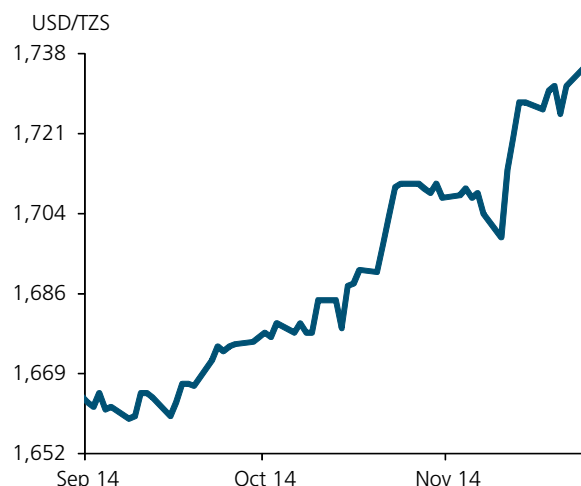
Source: Bloomberg  
Data as at November 2014

## Tanzania

### Shilling (TZS) in brief

- The shilling continued to trend weaker as US dollar inflows remained relatively low across the market. More upward pressure is expected this week. The restraint of US dollars has thrown liquidity off balance, precipitating losses. The unit tends to weaken in the fourth quarter on account of elevated import demand, but could depreciate at a quicker pace if the donor aid issue is not resolved.

Figure 8: Shilling weakens as US dollar inflows are lacking



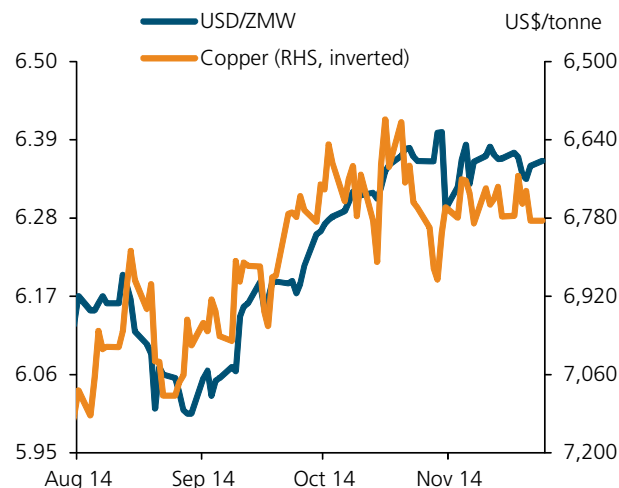
Source: Bloomberg  
Data as at November 2014

## Zambia

### Kwacha (ZMW) in brief

- The kwacha continued to strengthen on the back of strong demand for the unit. We have little information on where this liquidity will eventually be deployed. Considering current yields, chances are it will be used to invest in securities.
- USD/ZMW was strongest at 6.300/20. As is normally the case, bargain-hunting ensued, taking the rate back up to 6.335 where the market closed last week.
- Our base is now 6.300, although (downside) momentum seems to have waned. We see initial resistance at 6.370 and then 6.400.

Figure 9: Kwacha — steady as she goes



Source: Bloomberg  
Data as at November 2014



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz0	1 201.11	-2.4	-3.4	17.5	1 198.4	1 200.5
Copper US\$/tonne	6 790.00	0.5	-3.9	17.4	6 729.0	6 661.8
<b>Softs</b>						
Cattle US\$/lb	236.35	-0.7	44.6	14.8	172.2	160.1
Cocoa US\$/tonne	2 867.00	-6.0	2.4	17.2	2 867.0	2 815.0
Coffee – Arabica US\$/lb	189.65	-1.0	77.1	36.9	189.7	197.1
Coffee – Robusta US\$/tonne	0.00	-	-	17.1	2 078.0	2 110.0
Cotton US\$/lb	59.50	-6.8	-20.9	19.9	59.5	63.8
Maize – Yellow R/tonne	2 036.00	4.0	-16.1	24.0	2 036.0	2 032.0
Maize – White R/tonne	1 988.00	4.6	-19.6	23.7	1 988.0	2 034.0
Raw Sugar US\$/lb	16.09	-1.8	-7.5	18.0	17.9	17.9
<b>Energy</b>						
WTI Crude US\$/bbl	76.84	-5.1	-19.0	33.1	76.7	76.9

Source: Bloomberg

## Interest rates

	3-m T-Bill		Policy rate
	Oct-14	Current	Current
Angola	4.27	4.76	9.00
Botswana	3.17	3.20	7.50
Ghana	25.75	24.24	21.00
Kenya	8.70	8.60	8.50
Mozambique	5.41	5.39	8.25
Namibia	5.76	5.73	5.75
Nigeria	10.35	12.57	12.00
South Africa	5.82	5.85	5.75
Tanzania	11.30	12.42	OMO <sup>2</sup>
Zambia	9.50	13.00	12.50

1 End of month

2 Open Market Operations

Source: Bloomberg, Reuters, FNB Mozambique, FNB Zambia, FNB Tanzania, RMB Global Markets

Data as at November 2014

## All rated sub-Saharan countries

	Fitch	Moody's	S&P
Angola	BB-	Ba2	BB-
Botswana	-	A2	A-
Burkina Faso	-	-	B
Cameroon	B	-	B
Cabo Verde	B	-	B
Egypt	B-	Caa1	B-
Ethiopia	B	B1	B
Gabon	BB-	-	BB-
Ghana	B	B2	B-
Kenya	B+	B1	B+
Lesotho	BB-	-	-
Mauritius	-	Baa1	-
Morocco	BBB-	Ba1	BBB-
Mozambique	B+	B1	B
Namibia	BBB-	Baa3	-
Nigeria	BB-	Ba3	BB-
Rwanda	B+	-	B
Senegal	-	B1	B+
Seychelles	B+	-	-
South Africa	BBB	Baa2	BBB-
Tunisia	BB-	Ba3	-
Uganda	B	B1	B
Zambia	B	B1	B+

Note: For full ratings disclosure, please refer to the last page

The sources used to compile this document are: Bloomberg, Reuters, AllAfrica.com, respective central banks, FNB subsidiaries and national statistical websites.



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